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C O N F I D E N T I A L SECTION 01 OF 03 ABIDJAN 000097

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TAGS: [ECON](#) [EFIN](#) [IDA](#) [IMF](#) [PGOV](#) [PREF](#) [USTR](#) [EITI](#) [IV](#)
SUBJECT: AFRICAN DEVELOPMENT BANK ON ENGAGEMENT WITH
GOVERNMENT, HQ RETURN TO ABIDJAN, POLITICAL DEVELOPMENTS

REF: A. ABIDJAN 63

- [1](#)B. ABIDJAN 61
- [1](#)C. ABIDJAN 51

Classified By: Pol/Econ Section Chief Silvia Eiriz, Reasons 1.4 (b,d)

[1](#)1. (C) Summary. African Development Bank (AfDB) Official Representative to Cote d'Ivoire Ngardinga Sangbe discussed with Embassy officials Cote d'Ivoire's recently passed 2008 budget, the country's arrears with the AfDB and the HIPC process, expressing confidence that arrears can be settled, but disappointment in elements of the budget. Sangbe believes Cote d'Ivoire will not reach a HIPC decision point until the end of 2008. End Summary.

AfDB Representative Discusses Engagement with Government on Arrears Clearance, HIPC Process

[1](#)2. (C) AfDB Official Representative to Cote d'Ivoire Ngardinga SANGBE met with DCM and Econoff on January 30 at AfDB's Abidjan headquarters. On the problem of Cote d'Ivoire's arrears to the AfDB, Sangbe noted that the overall level is very high (he did not know the precise figure, but recent documents from the AfDB indicate it stands at over USD 550 million), and said that Cote d'Ivoire is similarly indebted to the World Bank and to France bilaterally. Sangbe said that normal AfDB treatment of arrears clearances for countries emerging from conflict is for one third to be paid by the country, one third by a consortium of willing donors, and one third by the Bank's post-conflict facility. According to Sangbe, the Bank's Board of Governors is in the midst of adopting a new policy under which the Bank itself would pay two thirds, obviating the need to cajole donors into special separate contributions. If adopted soon, the new policy would apply to the Ivoirian arrears.

[1](#)3. (C) Sangbe was well aware of the Ivoirian Finance Ministry's challenge of coming up with USD 150-160 to pay its arrears to the World Bank (reftel b), but said that the process to negotiate the settlement of the AfDB arrears is "on a separate track." Sangbe said the AfDB has "more flexibility," and noted that the Ministry of Finance has, since April 2007, paid sufficiently to keep the arrears from mounting, showing good faith and a willingness to engage seriously on the issue. The arrears clearance deadline will probably be in April, 2008, but is not yet fixed and will be the subject of "intense" upcoming negotiations. The AfDB arrears clearance package will not/not be contingent on clearing up the World Bank arrears, according to Sangbe.

[1](#)4. (C) Sangbe said that the AfDB's USD 30 million post conflict assistance package offered in mid-2007 has not yet been accessed by the government, due to problems with the Prime Minister's management of the dossier (reftel). Specifically, the officers named by PM Soro to manage the accounts were not accepted by key Ministers, requiring time-consuming negotiations. The conditions posed by the AfDB and the recalcitrant ministers have now all been met, and the package now awaits signature by President Gbagbo, but a signing ceremony must be scheduled. The package targets youth training and employment (implementing partner is UNFPA), rehabilitation of the country's health infrastructure (UNICEF), and aiding the rehabilitation of the agricultural sector (FAO). The package specifically avoids involvement in disarmament, and will not/not be part of any UNDP-administered "basket fund."

[1](#)5. (C) Sangbe said that Cote d'Ivoire could realistically reach a Highly Indebted Poor Country (HIPC) decision point in late 2008, and that a AfDB mission would be coming to Abidjan

in mid-February to assess the country's readiness and the status of its Poverty Reduction Strategy Paper (PRSP) development process (reftel b). The Bank has provided the government some modest assistance in developing its PRSP workplan.

AfDB's Return to Abidjan - Maybe in a Year and a Half?

¶6. (C) Sangbe said that the AfDB's Board of Governors would base its decision primarily on the stability of the country's peace. In that context, successful elections would be a

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prerequisite. Sangbe noted that every six months, the Bank staff present a report on the conditions related to the Bank's headquarters to the Board of Governors, and that the next report should be submitted in April and considered in May during a Maputo Governors Committee Meeting. Sangbe said that if the Governors decide to approve a return of the Bank staff to Abidjan, preparations would take a year before actual movement. While Sangbe did not reveal the probable recommendation in the staff's April report, his tone indicated it would be likely that the report would indeed recommend return of the AfDB's headquarters from Tunis to Abidjan. If the Governors agree, the return would likely not happen before mid-2009.

Political Tour d'Horizon - Budget, Disarmament, Identification

¶7. (C) Sangbe expressed disappointment with the government's management of its program to end the political crisis. He said that the 2008 budget (reftel b) did not specify line items for SAGEM's management of the identification program, nor provide a budget for items like elections monitoring teams, transportation of ballots and other logistics. Sangbe noted that when confronted with the uncertain, if not chaotic, state of affairs, the government reflexively blames the international community for failure to provide sufficient resources. Addressing the revenue side, Sangbe said that the government's lack of transparency in managing oil receipts was egregious, asking "where is the money going?"

¶8. (C) Sangbe said that the recent Disarmament, Demobilization and Reintegration (DDR) program was incomplete at best, given the failure to collect arms (reftel a). The government's armed forces are reportedly grouped in their barracks, but retain all their weapons, while the Forces Nouvelles haven't even taken that step. Forces Nouvelles Zone Commanders maintain effective authority in their regions, denying the country's redeployed prefects actual political authority. Real political reintegration, according to Sangbe, is a fiction. Sangbe said both sides, along with their irregular militia allies, retain substantial arsenals, which can lead to flare-ups of violence at any time. Sangbe said the situation in Bouake (in which the Forces Nouvelles apparently rounded up persons suspected of supporting exiled rebellion mastermind Ibrahim Coulibaly, and, according to some reports, summarily executed a number in late December) is worrisome, and said that a repeat of the June 29 attack on the Prime Minister's life (or something similar) could be disastrous. He also worried that a botched election could lead to a resumption of hostilities.

¶9. (C) Sangbe was skeptical at the pace and results to date of the first phase of the national identification process (the audiences foraines, which provides birth documentation for individuals over 13 who have never been registered in preparation for the second phase of the process, in which national identity and voting rights will be determined). The AfDB representative said that the numbers processed by the audiences foraines so far (101,192 as of December 26 according to the Prime Minister's office) was inadequate. Too many audiences foraines administrative teams are not actually functioning in the field, according to Sangbe (reftel c).

¶10. (C) Sangbe said UNOCI should better coordinate the international community, and that discussions among major international players, at a sufficiently high enough level, ought to take place more regularly to coordinate strategy.

AfDB Asks USG to Consider Limited Lifting of Arms Embargo to Protect Elections

¶11. (C) Sangbe asked the DCM about the USG perspective on the government of Cote d'Ivoire's request to lift the arms embargo (also made by Ouagadougou Political Agreement Facilitator, Burkina Faso President Compaore). Sangbe said that a careful, targeted lifting of the embargo could be useful to help safeguard the elections process by arming those designated to ensure its integrity. DCM noted that neither the Ivorian government nor the Facilitator had made the sort of precise, targeted request to lift the arms

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embargo for the purposes of supporting the elections or other aspects of the implementation of the Ouagadougou Political Agreement. The DCM told Sangbe that she would inform Washington of the AfDB's interest in the matter.

112. (C) Comment. Sangbe's comments on the fiscal and economic situation largely mirror those of his counterparts in the IMF and World Bank, as well as the larger diplomatic community. The AfDB seems to be somewhat more tolerant of the Prime Minister's fiscal ineptitude, while remaining fully aware of larger fiscal shortcomings of the government as a whole. The AfDB's disappointment and preoccupation with progress in the political situation was evident, and seemed to inform the desire to see stronger coordination among major international players. End Comment.

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